

Comstock Mining Inc.
Form 424B5
March 30, 2016

Filed pursuant to Rule 424(b)(5)
Registration No. 333-208824

PROSPECTUS SUPPLEMENT
(To Prospectus dated December 31, 2015)

10,000,000 Shares
Common Stock

We are offering 10,000,000 shares of our common stock, par value \$0.000666 per share, pursuant to this prospectus supplement and the accompanying prospectus.

Our common stock is listed on the NYSE MKT under the symbol "LODE." The last reported sale price of our common stock on the NYSE MKT on March 28, 2016 was \$0.42 per share. Pursuant to General Instruction I.B.6 of Form S-3, in no event will we sell securities in a public primary offering with a value exceeding more than one-third of our public float in any 12-month period so long as our public float remains below \$75,000,000. During the twelve calendar months prior to and including the date hereof, we have sold securities with an aggregate market value of \$6,967,500 pursuant to General Instruction I.B.6. of Form S-3.

Investing in our common stock involves significant risk. Please read carefully the section entitled "Risk Factors" beginning on page S-7 of this prospectus supplement.

Neither the Securities and Exchange Commission (the "Commission") nor any state securities commission has approved or disapproved of the common stock or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$0.35	\$3,500,000
Underwriting discounts and commissions ⁽¹⁾	\$0.0245	\$245,000
Proceeds to us, before expenses	\$0.3255	\$3,255,000

⁽¹⁾ We have agreed to reimburse the underwriter for certain of its expenses with this offering. See "Underwriting" for description of the compensation to be received by the underwriter.

We have granted the underwriter a 45-day option to purchase up to additional 1,500,000 shares of common stock from us at the public offering price for the common stock, less underwriting discounts and commissions, to cover over-allotments, if any. If the underwriter exercises the option in full, the total underwriting discounts and commissions payable by us will be \$281,750 and the total proceeds to us, before expenses, will be \$3,743,250.

The underwriter expects to deliver our common stock, against payment, on or about March 31, 2016.

Aegis Capital Corp
March 30, 2016

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Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, which describes the terms of this offering and may add, update or change information in the accompanying prospectus concerning Comstock Mining Inc. The second part is the accompanying prospectus, which provides more general information, some of which may not apply to this offering. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. If the description of this offering or other information varies between the prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement, which supersedes the information in the accompanying prospectus. We may also authorize one or more “free writing prospectuses” (i.e., written communications concerning the offering that are not part of this prospectus supplement) that may contain certain material information relating to this offering. Before you invest in the common stock offered under this prospectus supplement, you should carefully read both this prospectus supplement and the accompanying prospectus together with additional information under the heading “Where You Can Find More Information” and “Incorporation of Certain Documents by Reference.”

You should rely only on the information contained or incorporated by reference in this prospectus supplement and in the accompanying prospectus or any free writing prospectus that we may provide. We have not authorized anyone to provide you with different information. If anyone provides you with different or additional information, you should not rely on it. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus, any free writing prospectus that we may provide or any document incorporated by reference is accurate as of any date other than the date mentioned on the cover page of these documents. We are not making offers to sell the securities in any jurisdiction in which an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation.

References in this prospectus supplement and the accompanying prospectus to the terms “we,” “us,” “our” “Comstock” or “the Company” or other similar terms mean Comstock Mining Inc. and its consolidated subsidiaries, unless we state otherwise or the context indicates otherwise.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational reporting requirements of the Securities Exchange Act of 1934. We file reports, proxy statements and other information with the Commission. Our Commission filings are available over the Internet at the Commission’s website at <http://www.sec.gov>. You may read and copy any reports, statements and other information filed by us at the Commission’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call 1-800-SEC-0330 for further information on the Public Reference Room.

We make available, free of charge, on our website at <http://www.comstockmining.com>, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports and statements as soon as reasonably practicable after they are filed with the Commission. The contents of our website are not part of this prospectus supplement or the accompanying prospectus, and the reference to our website does not constitute incorporation by reference into this prospectus supplement or the accompanying prospectus of the information contained at that site, other than documents we file with the Commission that are incorporated by reference into this prospectus supplement and the accompanying prospectus.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Commission allows us to “incorporate by reference” into this prospectus supplement and the accompanying prospectus the information in documents we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus supplement and the accompanying prospectus, and information that we file later with the Commission will automatically update and supersede this information. Any statement contained in any document incorporated or deemed to be incorporated by reference in this prospectus supplement and the accompanying prospectus shall be deemed to be modified or superseded to the extent that a statement contained in or omitted from this prospectus supplement or the accompanying prospectus, or in any other subsequently filed document that also is or is deemed to be incorporated by reference, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the accompanying prospectus.

We incorporate by reference the documents listed below and any future documents that we file with the Commission under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement:

- (a) Our annual report on Form 10-K for the fiscal year ended December 31, 2015, filed with the Commission on January 28, 2016 (the “2015 Form 10-K”);
- (b) Our current report on Form 8-K, filed with the Commission on February 3, 2016; and
- (c) The description of our common stock contained in our Form 8-A (File No. 001-35200), filed with the Commission under Section 12 of the Exchange Act on June 8, 2011 (the “Form 8-A”).

We will not, however, incorporate by reference in this prospectus supplement or the accompanying prospectus any documents or portions thereof that are not deemed “filed” with the Commission, including any information furnished pursuant to Item 2.02 or Item 7.01 of our current reports on Form 8-K unless, and except to the extent, specified in such current reports.

We will provide you with a copy of any of these filings (other than an exhibit to these filings, unless the exhibit is specifically incorporated by reference into the filing requested) at no cost if you submit a request to us by writing or telephoning us at the following address and telephone number:

Comstock Mining Inc.
P.O. Box 1118
Virginia City, Nevada 89440
Attention: Investor Relations
Telephone: (775) 847-0545

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

The information appearing under “Cautionary Notice Regarding Forward-Looking Statements” in the 2015 Form 10 K is hereby incorporated by reference.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary may not contain all of the information that you should consider before investing in our common stock. We urge you to read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully, including the section entitled “Risk Factors” and the financial statements and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

Overview

Comstock Mining Inc. is a producing, Nevada-based, gold and silver mining company with extensive, contiguous property in the historic Comstock and Silver City mining districts (collectively, the “Comstock District”). The Comstock District is located within the western portion of the Basin and Range Province of Nevada, between Reno and Carson City. We began acquiring properties and developing projects in the Comstock District in 2003. Since then, we have consolidated a substantial portion of the historic Comstock District, secured permits, built an infrastructure and brought exploration projects into production. We also received the 2015 Nevada Excellence in Mine Reclamation award, voted on unanimously by five participating Federal and State of Nevada agencies.

Because of the Comstock District’s historical significance, the geology is well known and has been extensively studied by us, our advisors and many independent researchers. We have expanded our understanding of the geology of the project area through vigorous surface mapping and drill hole logging. The volume of geologic data is immense, and thus far the reliability has been excellent, particularly in the various Lucerne Mine areas. We have amassed a large library of historic data and detailed surface mapping of Comstock District properties and continue to obtain historic information from private and public sources. We use such data in conjunction with information obtained from our current mining operations, to target geological prospective exploration areas and plan exploratory drilling programs, including expanded surface and underground drilling.

Our Lucerne Resource area is located in Storey County, Nevada, approximately three miles south of Virginia City and 30 miles southeast of Reno. Our Dayton Resource area is located in Lyon County, Nevada, approximately six miles south of Virginia City. Access to the properties is by State Route 341/342, a paved road.

Our business plan is to deliver stockholder value by validating qualified resources (measured and indicated) and reserves (proven and probable) from our first two resource areas, Lucerne and Dayton, and significantly grow the commercial development of our operations through coordinated district wide plans that are economically feasible, socially responsible and operated in a lean and low cost manner. The plans are focused on expanding both the Lucerne and Dayton Mine plans, both with surface and underground development opportunities. We also plan on developing longer-term exploration plans for the remaining areas, which include the Spring Valley, Northern Extension, Northern Targets, and Occidental Target areas, subsequent to the exploration and development of Lucerne and Dayton.

We achieved initial production and held its first pour of gold and silver on September 29, 2012. We produced approximately 22,925 gold equivalent ounces in 2014, our second full year in production and 18,455 gold equivalent ounces in 2015. That is, we produced 19,601 ounces of gold and 222,416 ounces of silver in 2014 and 15,451 ounces of gold and 221,723 ounces of silver in 2015.

We intend to continue acquiring additional properties in the Comstock District, expanding its footprint and creating opportunities for further exploration, development and mining. We now own or control approximately 8,546 acres of mining claims and parcels in the Comstock and Silver City Districts. The acreage is comprised of approximately 2,245 acres of patented claims (private lands), surface parcels (private lands), and approximately 6,301 acres of unpatented Lode, Placer and Mill site mining claims, which the Bureau of Land Management (“BLM”) administers.

Our real estate segment owns significant non-mining properties, including Daney Ranch, the Gold Hill Hotel and related homes and cottages. The real estate segment consists of land, real estate rental properties and the Gold Hill Hotel consisting of a hotel, restaurant and a bar. On March 20, 2015, we entered into an agreement to lease the Gold Hill Hotel to independent operators while retaining ownership. The initial term of the lease agreement was

effective on April 1, 2015, and ends in March 2020. The tenant may renew the lease for two extended terms of five years each. Lease payments are due in monthly installments.

Financial information for each of our segments is disclosed in Note 14 to the consolidated financial statements in the 2015 Form 10-K.

Current Projects

Our headquarters, mine operations and heap leach processing facility are in Storey County, Nevada, at 1200 American Flat Road and 117 American Flat Road, approximately three miles south of Virginia City, Nevada and 30 miles southeast of Reno, Nevada. We have identified six distinct target areas on our land holdings and have focused, to date, on the Lucerne Resource area (including surface and underground) and the Dayton Resource area. We anticipate developing exploration plans for the remaining areas, which include the Spring Valley, Northern Extension, Northern Targets, and Occidental Target areas, subsequent to the exploration and development of Lucerne and Dayton. Our existing heap leach processing facility for gold and silver was redesigned and expanded in late 2013 and again in the fourth quarter of 2014, to accommodate production plans.

The Lucerne Resource area has been the primary focus of our exploration and development efforts since 2007. It includes the previously mined Billie the Kid, Hartford and Lucerne mining claims, and extends east and northeasterly to the area of the historic Woodville bonanza, and north to the historic Justice and Keystone mines. We have the key mining permits required for mining this area. The Lucerne Resource area is approximately 5,000 feet long, with an average width of 600 feet, representing less than three percent of the land holdings we control and is the site of our current production activities and ongoing exploration and development program.

The Dayton Resource area is southwest of Silver City in Lyon County, Nevada. It generally includes the Dayton, Kossuth and Alhambra claims, including the old Dayton Consolidated mine workings, south to where the Kossuth claim crosses State Route 341. The historic Dayton mine was the last major underground mining operation in the Comstock District, before being closed after the War Production Board promulgated Limitation Order L-208, 7 F. R. 7992 on October 8, 1942, that closed down all gold mining operations in the United States and its territories. The Dayton Resource area ranks as one of our top exploration and potential mine production targets. In January 2014, the Lyon County Board of Commissioners approved a strategic master plan and zoning changes on the Dayton, Kossuth and Alhambra mining claims and other properties located in the Dayton Resource Area, enabling a more practical, comprehensive feasibility study for mining. Geological studies and development planning are currently underway utilizing data from the 30,818 feet of drilling completed in 2015, and data from prior drill programs.

The Spring Valley exploration target lies at the southern end of the Comstock District, where the mineralized structures lie mostly concealed beneath a veneer of sediment gravels. The area includes the Kossuth patented claim south of State Route 341, the Dondero patented property, the Daney patented claim, the New Daney lode mining claims, and our placer mining claims in Spring Valley and Gold Canyon.

The Northern Extension, Northern Targets and Occidental areas represent exploration target areas that contain many historic mining operations, including the Overman, Con Imperial, Caledonia, and Yellow Jacket mines, among others. Previous operators have explored the various mines in this area, some of which have led to mineralized material inventories. We believe that our consolidation of the Comstock District has provided us with opportunities to utilize the historical information available to identify drilling targets with significant potential.

Outlook

We commenced the underground drift tunnel and drilling, associated with the first underground exploration phase of a PQ geological target in September 2015, and expects to complete drift-sampling, drilling and ongoing metallurgical test work of the PQ target in the first quarter of 2016. The Succor vein system is being considered as an easterly extension of the first phase of development beyond the high-grade PQ target. This will positively expand the scope of Phase 1, through the first half of 2016. The drift tunnels are designed to conduct an underground exploration program directed at a series of geological targets in the Silver City Branch of the Comstock Lode, including the PQ target, the Succor vein systems and the historic Woodville Bonanza system. These initial targets represent the core of a broader geological corridor where we are currently drilling. Previous surface drilling in the

area, including the Succor-Holman drilling from 2015 had suggested that a greater than 1,000 feet of mineralized strike in the Succor zone lying generally adjacent to and below the Lucerne Cut has the potential to yield high-grade gold and silver. The current program has been geared toward defining that potential.

Drill results from the PQ drilling have begun yielding wider and longer high-grade intercepts. These results will be released as they are received and analyzed. During the first quarter of 2016, we will complete, analyze and assess the results of the PQ drilling toward our potential contribution toward mineral reserves and a mine plan. We also completed the drifting to the Succor vein system in February, and commence geological sampling and limited scope drilling in March 2016, on the Succor target to assess its potential for adding to a potential Lucerne mine plan. We will also complete similar scope drilling on the Woodville target during the second quarter, to further assess its potential for Lucerne mine planning. Ultimately, these efforts are designed to develop mine plans of sufficient grade and quantities for longer-lived production plans for the Lucerne mine.

During the second quarter of 2016, we will commence limited core drilling in Dayton, sufficient to finalize the parameters of a mine plan and commence the permitting for the Dayton Mine. This drilling should be completed in the second quarter and allow for permitting during the second half of 2016. We have developed grade shells with higher average grades and believe the Dayton Mine to have economically feasible potential and plans on developing those mine plans in the latter half of 2016. Infill drilling is expected to expand the reserve potential for the Dayton Mine plans.

Production during 2016 is currently limited to processing of existing leach pad materials and limited stacking of new mineralized material during January and February of 2016. Considering the improved estimates of gold and silver recoveries, that is, 85% for gold and 57% for silver, the current leach cycle will continue well into the second quarter, likely through May 2016, or later. All operating costs associated with hauling, crushing and other ancillary activities have been reduced or eliminated as we transition the full organizational focus to toward the discovery, development and establishment of reserves from Lucerne and Dayton, for future mining. During our exploration and development activities in 2016, we expect to operate with less than 25 employees. General and administrative costs are also expected to decline significantly during the first quarter of 2016, resulting in savings in all non-mining costs of over \$3 million during 2016, as compared to 2015.

We will report the results of the Lucerne and Dayton exploration and development programs, when available, during both the first and second quarters of 2016.

The industry is experiencing a difficult downturn with many participants shutting down or deferring project activities. Exploration is down significantly, industry wide, and new discoveries are even scarcer. Cost reductions are pervasive and we have led in both reducing and transitioning to lower, more flexible systems and expanding exploration. We believe exploration and development for new resources and reserves for future production, with higher yields (and during potentially higher metal prices), will deliver higher returns for us and to our investors. We also believe the evaluation of potential acquisitions of resources and reserves, especially in Nevada and the western United States, during this period of lower mining equity values, represents a good opportunity to grow and deliver additional returns to our investors. This is the focus of our 2016 business plans.

Recent Developments

In February 2016, we received final authorization and a final Notice of Decision on a proposed major modification to our Water Pollution Control Plan for various expansions of the heap leach facility. This modification authorizes construction of "Cell 10," located adjacent and north of the existing Cell 1 through 4 pads, and also identifies multiple future heap leach pad expansions, on privately held land, south and southwest of the existing heap leach pad and existing facilities. The modification also authorizes the processing of underground material. The Cell 10 expansion, our largest design to date, will provide an estimated 2.9 million tons of additional capacity. Unique to this modification is the identification and inclusion of future expansions for Cell 11 and Cell 12, located adjacent to and southwest of the existing facilities. Those potential expansions would be on approximately 90 acres located entirely within our private property.

On March 28, 2016, we entered into an agreement with American Mining & Tunneling, LLC and American Drilling Corp, LLC (collectively "AMT") for \$5,000,000 in underground mine development, drilling and mining services. These services will be provided in exchange for the issuance of up to 9,000,000 shares of common stock, at a value of at least \$0.56 per share.

The shares to be issued to AMT will be issued in exchange for future drilling, mine development and underground mining services in connection with (but not limited to) our construction of an underground exploration portal, mining infrastructure and development of our Lucerne and Dayton Mine projects. When such shares are issued, they will be restricted shares subject to a minimum six-month holding period by AMT, during which time the issued shares may not be sold.

Corporate Information

Our executive offices are located at 1200 American Flat Road, Virginia City, Nevada 89440 and our telephone number is (775) 847-5272. Our mailing address is P.O. Box 1118, Virginia City, Nevada 89440. Our website address is www.comstockmining.com. Our website and the information contained on, or that can be accessed through, the website are not part of this prospectus.

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THE OFFERING

Issuer	Comstock Mining Inc.
Common stock to be offered by us	10,000,000 shares of common stock
Over-allotment option	We have granted to the underwriter a 45-day option to purchase up to 1,500,000 additional shares of our common stock from us at the public offering price less underwriting discounts and commissions.
Price per share	\$0.35
Common stock outstanding after this offering	The number of shares of common stock to be outstanding after the offering is assuming that all 10,000,000 shares are sold.*
Use of proceeds	We will use the net proceeds from this offering for exploration and development of the Lucerne and the Dayton mine projects, the payoff of the Company's senior revolving credit facility and general corporate purposes. See "Use of Proceeds."
Settlement	It is expected that delivery of the common stock will be made against payment therefor on March 31, 2016, which will be the first business day following the date of pricing of the common stock (this settlement cycle being referred to as "T+1"). The date of pricing is deemed to be March 30, 2016 because pricing occurred after trading hours on March 29, 2016. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three business days, unless the parties to a trade expressly agree otherwise. Purchasers of common stock should be aware that the ability to settle secondary market trades of the common stock effected on the date of pricing may be affected by the T+1 settlement and should consult their advisor.
Risk factors	You should carefully read and consider the information set forth in "Risk Factors" beginning on page S-7 of this prospectus supplement before investing in our common stock.

NYSE MKT symbol

LODE

* The number of shares of common stock shown above to be outstanding after this offering is based on 167,371,356 shares of common stock issued and outstanding as of March 29, 2016 and:

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- excludes 50,000 shares of common stock issuable upon the exercise of options outstanding as of December 31, 2015, with a weighted average exercise price of \$4.00 per share;
- excludes 661,200 additional shares of common stock reserved for future issuance under the Comstock Mining Inc. 2011 Equity Incentive Plan as of December 31, 2015; and
- assumes no exercise by the underwriter of its over-allotment option to purchase up to 1,500,000 additional shares of our common stock from us in this offering.

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RISK FACTORS

Investing in our common stock involves significant risk. Prior to making a decision about investing in our common stock, you should carefully consider the specific risk factors included below, as well as the risk factors discussed under the heading “Risk Factors” in the 2015 Form 10-K, which is incorporated by reference in this prospectus supplement and the accompanying prospectus and may be amended, supplemented or superseded from time to time by other reports we file with the Commission in the future. The risks and uncertainties we have described are not the only ones we may face. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also affect our operations. If any of these risks actually occurs, our business, results of operations and financial condition could suffer. In that case, the trading price of our common stock decline, and you could lose all or a part of your investment.

Risks Relating to the Company’s Common Stock and this Offering

You may lose all or part of your investment.

If we are unable to find and mine adequate quantities of gold and silver ore, it is unlikely that the cash generated from our internal operations will suffice as a primary source of the liquidity necessary for anticipated working capital requirements. There is no assurance that the Company’s initiatives to improve its liquidity and financial position will be successful. Accordingly, there is substantial risk that the Company will be unable to continue as a going concern. In the event of insolvency, liquidation, reorganization, dissolution or other winding up of the Company, the Company’s creditors and preferred stockholders would be entitled to payment in full out of the Company’s assets before holders of common stock would be entitled to any payment and the claims on such assets may exceed the value of such assets. You will experience immediate and substantial dilution in the net tangible book value per share of the common stock you purchase.

Since the price per share of our common stock being offered is substantially higher than the net tangible book value per share of our common stock, you will suffer substantial dilution in the net tangible book value of the common stock you purchase in this offering. Based on the offering price of \$0.35 per share, if you purchase shares of common stock in this offering, you will suffer immediate and substantial dilution of approximately \$0.22 per share in the net tangible book value of the common stock. See the section entitled “Dilution” in this prospectus supplement for a more detailed discussion of the dilution you will incur if you purchase common stock in this offering.

The price of the Company’s common stock may fluctuate significantly, which could negatively affect the Company and holders of its common stock.

The market price of the Company’s common stock may fluctuate significantly from time to time as a result of many factors, including:

- investors’ perceptions of the Company’s and its prospects;
- investors’ perceptions of the Company’s and/or the industry’s risk and return characteristics relative to other investment alternatives;
- investors’ perceptions of the prospects of the mining and commodities markets;
- differences between actual financial and operating results and those expected by investors and analysts;
- our inability to commence production, obtain permits or otherwise fail to reach Company objectives;
- actual or anticipated fluctuations in quarterly financial and operating results;

- volatility in the equity securities market; and
- sales, or anticipated sales, of large blocks of the Company's common stock.

We do not expect to pay any cash dividends for the foreseeable future.

We currently expect to retain all available funds and future earnings, if any, for use in the operation and growth of our business and do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board, subject to compliance with applicable law, our organizational documents (including the certificates of designations for our preferred stock, which prohibit cash dividends to common stockholders without the consent of preferred stockholders) and any contractual provisions, including under agreements for indebtedness we may incur, that restrict or limit our ability to pay dividends, and will depend upon, among other factors, our results of operations, financial condition, earnings, capital requirements and other factors that our Board deems relevant. Accordingly, if you purchase shares in this offering, realization of a gain on your investment will depend on the appreciation of the price of our common stock, which may never occur. Investors seeking cash dividends in the foreseeable future should not purchase our common stock.

Our business requires substantial capital investment and we may be unable to raise additional funding on favorable terms.

The construction and operation of potential future projects and various exploration projects will require significant funding. Our operating cash flow and other sources of funding may become insufficient to meet all of these requirements, depending on the timing and costs of development of these and other projects. As a result, new sources of capital may be needed to meet the funding requirements of these investments and fund our ongoing business activities. Our ability to raise and service significant new sources of capital will be a function of macroeconomic conditions, future gold and silver prices, our operational performance and our current cash flow and debt position, among other factors. In the event of lower gold and silver prices, unanticipated operating or financial challenges, or a further dislocation in the financial markets as experienced in recent years, our ability to pursue new business opportunities, invest in existing and new projects, fund our ongoing operations and retire or service all of our outstanding debt could be significantly constrained.

Existing stockholders' interest in us may be diluted by additional issuances of equity securities.

We may issue additional equity securities to fund future acquisitions, pursuant to employee benefit plans, and in exchange for underground mine development, drilling, and mining services pursuant to the March 28, 2016 agreement with AMT. We may also issue additional equity for other purposes. These securities may have the same rights as our common stock or, alternatively, may have dividend, liquidation or other preferences to our common stock. The issuance of additional equity securities will dilute the holdings of existing stockholders and may reduce the share price of our common stock.

USE OF PROCEEDS

We estimate that the net proceeds we will receive from this offering will be approximately \$3,145,000, or approximately \$3,633,250 if the underwriter exercises in full its option to purchase 1,500,000 additional shares, based on the public offering price of \$0.35 per share, after deducting the underwriting discounts, commissions and estimated offering expenses of approximately \$110,000.

We intend to use the net proceeds from this offering for exploration and development of the Lucerne and the Dayton mine projects, the payoff of the Company's senior revolving credit facility and general corporate purposes.

Pending the application of the net proceeds as described above, we may invest the net proceeds from this offering in short-term, investment grade, interest-bearing securities.

DILUTION

Investors in shares of our common stock offered in this offering will experience an immediate dilution in the net tangible book value of their common stock from the public offering price of the common stock. The net tangible book value of our common stock as of December 31, 2015, was approximately \$18.8 million, or approximately \$0.12 per share of common stock. Net tangible book value per share of our common stock is calculated by subtracting our total liabilities from our total tangible assets (which is equal to total assets less intangible assets) and dividing this amount by the number of shares of common stock outstanding.

Dilution per share represents the difference between the public offering price per share of our common stock and the adjusted net tangible book value per share of our common stock included in this offering after giving effect to this offering. After giving effect to the sale of all of the securities offered in this offering at the offering price of \$0.35 per share, and after deducting the underwriter's discounts estimated offering expenses payable by us, our as adjusted net tangible book value as of December 31, 2015, would have been approximately \$21.9 million, or approximately \$0.13 per share of common stock. This change represents an immediate increase in the net tangible book value of \$0.01 per share of common stock to our existing stockholders and an immediate and substantial dilution in net tangible book value of \$0.22 per share of common stock to new investors purchasing shares in the offering. The following table illustrates this per share dilution:

Offering price per share	\$0.35
Net tangible book value per share as of December 31, 2015	